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SUBJECT: CONSULTATIONS WITH INCOMING FRENCH EU PRESIDENCY

REF: BRUSSELS 943

Classified By: Charge d'affairs Geoffrey R. Pyatt for reasons 1.4 b and d

Summary

11. (C) On June 24 Mission discussed upcoming issues for Vienna-based international organizations with the French Mission, the next EU Presidency. France welcomed early consultation with the U.S. and outlined priorities for its Presidency, focusing on those relevant to Vienna organizations: energy, climate change and immigration. With regard to IAEA, there were no major divergences with the EU on non-proliferation issues. France noted that the inclusion of an agenda item / report on Syria in the September Board would be necessary to coalesce EU support for blocking Syria's Board candidacy at the General Conference. The EU was anxious not to repeat the divisive debate of the last two General Conferences on Middle East Safeguards and was giving preliminary consideration to Egyptian and Arab League texts. The U.S. urged early Board action on an eventual India Safeguards agreement, but the French, while supportive in their national position, were not sure that they could deliver the EU as a whole. On Reliable Access to Nuclear Fuel (RANF), the French were likewise supportive of funding for the NTI-IAEA fuel bank but stressed the need to present the EU Council with a "clear concept." Looking ahead to the November TACC, France expected the Secretariat to fully apply UNSCR restrictions on technical cooperation with Iran. EU experts were also meeting in early July to consider an overhaul of IAEA technical cooperation programs. Mission discussed the way ahead on 20/20, the French suggesting that we focus on discrete areas within the Agency's mandate. The French indicated that there was not yet EU agreement on AIPS funding, which would be considered at the July 7 special Board meeting.

12. (SBU) France underlined the importance of the Hague Code of Conduct and CTBTO to the EU, and noted that Cyprus's exclusion remained a "real problem" for Wassenaar. For UNODC, France cited immigration and identity theft as important issues and sought to address drug demand and supply reduction in operational terms in the UNGASS working group. It could not support a voluntary assessment scale for UNODC. At UNCITRAL, the French sought to ensure consistency of EU and UNCITRAL rules and continued to support an ad hoc working group on working methods. France also noted the first EU statement in COPUOS calling for a voluntary code of conduct on safety in outer space. End summary.

US-EU Coordination

¶3. (SBU) Ambassador Schulte, DCM and UNVIE Counselors met informally with French Mission counterparts on June 24 to preview areas of cooperation for the French EU Presidency in Vienna-based organizations. Drawing on themes in reftel, Ambassador Schulte sought close and early coordination with the EU, and noted the need to identify issues before they become fixed positions. French Ambassador Deniau welcomed early consultation with the U.S., acknowledging that that it was difficult to change EU common positions once adopted. He outlined four priorities for the French Presidency, energy, climate change, immigration and defense policy, with all but the latter relevant to Vienna organizations. In addition to advancing Common Security Policy, France also will seek to improve EU efficiency in formulating positions and regretted that the G-77 sometimes seem more adept than the EU.

IAEA

Budget - 20/20 issues

¶4. (SBU) Nuclear Counselor reviewed the host of non-proliferation, energy, 20/20 and funding issues on the agenda for upcoming Board meetings and the October General

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Conference. For the July 7 Special Board meeting, Deputy Counselor believed there were the outlines of a deal on AIPS and the Technical Cooperation Fund target. French Counselor noted some reservations on AIPS funding among EU member states, observing that this was still a matter of discussion not consensus. Looking ahead to the September Board and General Conference, Deputy Counselor suggested U.S.-EU consultations in July on a strategic approach to 20/20 report recommendations. DCM related that the DG's senior advisor had admitted to him that the Secretariat had no idea what to do with the 20/20 agenda item in the September Board, which could cause mass confusion. Deniau recommended that we not tackle 20/20 as a whole but focus on discrete slices of the Agency's mandate, such as technical cooperation or safeguards, and Ambassador Schulte wholly agreed. Nuclear Counselor also flagged upgrading the Safeguards Analytical Laboratory as a difficult issue given funding implications but noted that we have not yet seen a proposal from the Secretariat.

Non-Proliferation-Syria

¶5. (C) Nuclear Counselor did not expect any major differences with the EU on non-proliferation issues in the September Board, including on Iran, DPRK and expected agenda items on Syria and Libya. He observed that Syria was bound to be problematic and DPRK developments could be of interest. The French speculated, based on press reports, that the Secretariat may report on the AQ Khan Network at the September Board, but could provide no further context.

¶6. (C) Counselor also raised the prospect of Syria's Board candidacy necessitating a vote in the GC if an alternative were not found within the MESA group. (Note: The French noted the possibility of Kazakhstan as an alternative. End note.) The U.S. would let the host out about calling for a vote if Syria was the MESA group candidate, he advised. Deniau opined that a report on Syria and agenda item for the September Board would help coalesce EU member support for any effort to block Syria's candidacy. However, France was not sure that the Secretariat would put Syria on the agenda for September, though several Board members, including South

Africa and Morocco, had asked for a report at the June Board meeting. French DCM also questioned the mechanics of a GC vote and whether the entire slate of Board candidates would be subject to a vote or specific seats. Nuclear Counselor noted that the GC rules of procedure allow any motion to be brought.

Middle East Safeguards

¶17. (C) Ambassador Schulte stressed the importance of the EU stance in the Middle East GC debate and how the EU stays together in managing the issue (Note: Ireland broke EU consensus in the last GC on this issue. End note). Deniau advised that the EU wanted to "get out of the strange position" it found itself in, and to avoid the divisions of last two General Conferences. To that end, the EU was consulting early with Egypt and the Arab League and giving preliminary consideration to the draft texts each had circulated. Ambassador Schulte questioned whether the EU was prepared to play a mediation role on this issue, but Deniau deferred, noting that it would depend on the EU position.

Reliable Access-Nuclear Energy

¶18. (C) Nuclear Counselor also noted the importance of Reliable Access to Nuclear Fuel (RANF), a Presidential initiative, which the U.S. hoped to actualize with a concrete proposal by the fall. Asked about the EU stance on the NTI-IAEA fuel bank, Deniau questioned whether this proposal was ready, whether the "concept" was clear and what exactly the U.S. had agreed to fund. Nuclear Counselor noted that the U.S. had agreed to the basic concept of the fuel bank, though the details had not been worked out. Ambassador Schulte reported that the Secretariat had provided the EU with a fuel bank "concept paper" in Brussels, which the DG agreed to share with the U.S.

¶19. (SBU) Deniau advised that Paris was in favor of EU funding

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for the NTI-IAEA fuel bank proposal, which was under discussion in the EU. However, France needed a concrete concept to bring to the Council that specified, for example, if it would be a virtual or real fuel bank, a reserve supply or not, though Paris had no strong preference. Nuclear Counselor noted that we were pushing the Secretariat to be clearer about its intentions.

¶10. (SBU) French Counselor noted that the Secretariat was preparing two reports on Nuclear Energy for the September Board; though it was unclear any decision would be required. As current chair of the Friends of Nuclear Energy, France could only speak in a national capacity and asked about any prospect for a common EU position on nuclear energy; Deniau responded "Euratom" was just that. (Note: It would seem that France will continue to chair the Friends, though French Counselor did not answer directly. End Note.)

India

¶11. (C) Deniau was skeptical about the possibility of a special Board meeting to consider the India Safeguards agreement over the course of the summer, taking into consideration that the five-week review period put us into August. Nuclear Counselor noted it could be sooner given that the review period only applied to undefined "significant documents" but Deniau questioned if there was a reason to force the issue. Ambassador Schulte queried whether an EU position on the India Safeguards agreement could be useful to bring along Austria and Ireland. Deniau advised that the EU will try to find common ground, but failing that would revert to national positions.

¶12. (C) DCM underscored the need for quick and bold Board action on the India Safeguards agreement. France, he noted, had played a significant role in shaping the approach to India over the last five years. PM Singh's bold decision, prompting a political crisis in Delhi in advance of the G-8, deserved an equally bold Board response. The U.S. hoped for quick action on an agreement if tabled in July, and cautioned that anything less than a clear welcome by the Board would send the wrong signal to those in Delhi debating the country's future role. Deniau responded that France was convinced but he could not speak for the entire EU.

Technical Cooperation - Iran

¶13. (C) Nuclear Counselor raised the issue of dealing with technical assistance to Iran in the November TACC and Board meeting. Deniau expected that the Secretariat would censure Iran's projects ahead of time in accordance with UNSCR provisions and not bring questionable projects to the TACC. UNSCRs were not yet in effect in November 2006 during the last biennial authorization of the technical cooperation program, Ambassador Schulte noted in agreement. Both the U.S. and France would consult with the Secretariat on this issue ahead of the November TACC.

¶14. (SBU) The EU was also giving thought to a global overhaul of IAEA technical assistance and planned an experts meeting in early July on the subject. Experts would examine qualitative aspects of TC projects and evaluative indicators of their utility. The TC Director for Coordination would be invited. France agreed to brief the U.S. on this expert discussion. Ambassador Schulte suggested that the Program of Action for Cancer Therapy (PACT) could be a model for other TC projects, including partnerships with other agencies and the private sector. Revamping TC was also part of the 20/20 process, he noted.

Other issues

¶15. (SBU) Mission also flagged other upcoming IAEA issues, including the campaign for Director General, Israel's request to become a WEOG member and influencing NAM positions. The incoming French Presidency took note of these issues but had no substantive comment at this time.

Export Controls: Wassenaar and HCOC

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¶16. (SBU) Msnoff briefed on U.S. views for the future of the Wassenaar Arrangement (WA), including expansion to the greater Middle East region. She welcomed French support at the May General Working Group for the U.S. proposal to invite the UAE to a post-Plenary briefing following the December 2008 Plenary Meeting. Although the U.S. also supported Cyprus's participation in WA, she cautioned that the divide over this issue should not detract from the substantive work of the WA and complicate the October General Working Group and December Plenary. She hoped that the French Presidency could help keep this from becoming a divisive issue at either event. Deniau responded that the Cyprus issue was a "real problem" as it was not acceptable to exclude an EU member from Wassenaar.

¶17. (SBU) French Counselor underlined the strong EU consensus in support of the Hague Code of Conduct (HCOC), which it viewed as an important and effective instrument. Deniau seconded this view, making an emphatic appeal for U.S. support of HCOC. He observed that Hungary's incoming HCOC Chairmanship gives the issue added impetus in the EU context. Noting that President Sarkozy's remarks at Cherbourg called for HCOC universalization, Deniau underlined that France is

"expecting the Administration to look at it seriously."
Mission explained that HCOC is dealt with out of Washington
and agreed to relay this message.

CTBTO

¶18. (SBU) French Counselor also highlighted the importance of CTBTO entry into force as a priority for the next three EU Presidencies, France, the Czech Republic and Sweden. France expressed concerns about the G-77 position on freezing the establishment of more international monitoring stations (IMS). Looking at the IMS map, French DCM noted the need for more IMS stations in the Middle East, a point on which the U.S. generally agreed. The French delegation also noted "global agreement" on the upcoming contract extension for Executive Secretary Tibor Toth.

UNODC

Drugs and Crime

¶19. (SBU) According to the French, the EU rejects legalization of drugs as an option. They emphasized that demand and supply reduction should be integrated in operational terms in the ongoing working group review of the drug resolution of the 1998 UN General Assembly Special Session (UNGASS). French Mission noted that they were preparing papers for each of the working groups.

¶20. (SBU) France cited immigration as a priority for their Presidency. They intend to work through the UNTOC (also known as the Palermo Convention). France also noted its interest in identity theft and working this issue through the convention. Mission noted that this would be a debate theme for the next Crime Commission (April 2009).

Working Group on Finance and Governance

¶21. (SBU) France and the EU (like all major donors to the UNODC), want to improve the dialogue between UNODC and member states, and between donor countries and recipient countries. However, France does not want a formalized structure which it believes could be vulnerable to G-77 pressure. France is also opposed to indicative or voluntary assessment scale, because its government cannot know from year to year how much it could contribute to UNODC.

UNCITRAL

¶22. (SBU) The EU does not play a formal coordinating role in
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UNCITRAL, and the 11 EU states that are UNCITRAL members are sometimes at loggerheads on certain issues. However, the French will work to ensure that UNCITRAL rules do not conflict with EU rules. The French also want an ad-hoc working group to consider the working methods of UNCITRAL, an issue currently being debated at the UNCITRAL Commission meeting in New York.

COPUOS

¶23. (SBU) France made a statement in the last session of COPUOS on behalf of the EU, announcing the intention to propose a "code of conduct" for outer space. They noted that this was the first time an EU statement had been delivered in

the Committee. (Note: The proposed code would aim to reduce the risk of collisions, minimize debris, and enhance mutual understanding between space-faring nations. The objectives of the code would be to promote implementation of existing outer space agreements, to develop best practices for traffic management, and to strengthen mutual understanding and confidence between space-faring nations by improving communication and consultation. The code would be voluntary and non-binding. EU member states have worked at the expert level on a draft text, which the EU hopes to present soon to relevant international bodies, including COPUOS. End Note.) France also noted continuing informal bilateral consultations with the US on the sustainability of space operations, which it hopes to introduce as an agenda item in COPUOS in 2009. (Note: This is an initiative of the former French chairman of COPUOS. End Note.)

PYATT